

## Message Text

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61

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 L-03 CIAE-00 COME-00 DODE-00

DOT-00 FMC-01 INR-07 NSAE-00 CG-00 OFA-01 DLOS-03

SSO-00 INRE-00 H-02 SP-02 /033 W

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O 042235Z JUN 75

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC IMMEDIATE 6968

LIMITED OFFICIAL USE GUATEMALA 2896

E.O. 11652 N/A

TAGS: EWWT, GT, US

SUBJECT: DELTA/FLOMERCA PROBLEM

REF: A. GUATEMALA 2873 B. STATE 129889

1. FOREIGN MINISTRY ADVISER JORGE MARIO RUBIO CONFIRMED TO EMBOFF INFO CONTAINED REF. A. ACCORDING RUBIO, LEGISLATION TO REPLACE GUATEMALA'S RESERVE CARGO REGULATION, DECREE 41-71, ALREADY DRAFTED AND APPROVED BY BOTH MINISTRIES OF FOREIGN AFFAIRS AND ECONOMY. PROCEDURE FOR OBTAINING PASSAGE OF NEW LEGISLATION WILL BE TO HAVE IT INTRODUCED INTO CONGRESS AS AN INITIATIVE OF THE COUNCIL OF STATE. FYI: SIMILAR ATTEMPT HAD FAILED EARLIER THIS YEAR BECAUSE OF LACK OF SUPPORT FROM GOG (SEE GUATEMALA 532). END FYI. ON POINT OF HOW FLOMERCA WILL BE FINANCED, RUBIO CORRECTED MIRON'S INTERPRETATION REPORTED REF. A, BY STATING THAT THE NEW LAW WILL INSTITUTE A MERCHANT MARINE TAX (PERCENTAGE UNKNOWN) ON IMPORT AND EXPORT CARGOES. WHILE ALL CARRIERS WOULD BE EQUALLY AFFECTED, RUBIO HINTED THAT SOME PRODUCTS MIGHT BE EXEMPTED FROM THE TAX.

2. RE QUESTION OF WHETHER BLANKET WAIVER BY FLOMERCA FOR CARGO CARRIED BY DELTA WILL PROTECT LATTER FROM PROBLEMS WITH ARMAGUA AND OTHER GUATEMALA FLAG LINES, EMBOFF IMPRESSED OUR CONCERN TO MIRON ON 6/3 AND DURING 6/4 MEETING WITH RUBIO. LATTER  
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AGREED THAT CONCERN WAS JUSTIFIED AND SAID HE WILL ARRANGE MEETING

AMONG FLOMERCA OFFICIALS, INDUSTRIAL POLICY DIRECTOR GULARTE IN MINISTRY OF ECONOMY (OFFICE THAT OVERSEES WAIVERS) AND HIMSELF TO INSURE THAT THREAT OF PROBLEMS ARISING FROM ARMAGUA WAIVER DENIAL FOR FUTURE SHIPMENTS CARRIED BY DELTA BE AVOIDED.

3. COMMENT: ABOVE INFO PASSED TO LOCAL DELTA REP. IT NOW APPEARS THAT DELTA'S PROBLEMS IN GUATEMALA ARE WELL ON ROAD TO SATISFACTORY SOLUTION AND THAT PREVIOUSLY PROPOSED DELTA/FLOMERCA AGREEMENT NO LONGER BEING CONSIDERED. NEVERTHELESS, PASSAGE OF DRAFT LEGISLATION MENTIONED BY RUBIO COULD RUN INTO SOME OPPOSITION ON COUNCIL OF STATE BECAUSE OF PRIVATE SECTOR OPPOSITON TO ANY NEW TAX. HOWEVER, IF MAJOR AGRICULTURAL PRODUCT EXPORTS ARE INCLUDED IN EXEMPTIONS FROM TAX THERE WILL PROBABLY BE ONLY MINOR OPPOSITION IN COUNCIL OR SUBSEQUENTLY IN CONGRESS TO NEW LAW, ESPECIALLY AS FLOMERCA WILL BE PUSHING FOR THE NEW LEGISLATION. MEANWHILE, WE EXPECT GUATEMALAN CHAMBER OF COMMERCE PRESS ALL CONCERNED FOR PASSAGE OF NEW LEGISLATION. EMBASSY WILL MONITOR DEVELOPMENTS.  
MELOY

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## Message Attributes

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**Channel Indicators:** n/a  
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